

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 02-0231P

Withholding Tax

January 2001 through March 2002

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

II. Tax Administration – Interest

Authority: IC 6-8.1-10-1; 45 IAC 15-11-1

Taxpayer protests the interest assessed.

STATEMENT OF FACTS

Taxpayer was assessed late filing penalties. In a letter dated April 22, 2002, taxpayer requests the department waive the penalties and interest assessed against it.

Taxpayer states its delinquent payment of withholding taxes arose from a previous Senior Controller's failure to inform the payroll department of the change in payment status. The company's payroll coordinator received a new coupon book for 2001 stating that the company should file quarterly instead of monthly like it had done in the past. Taxes were remitted quarterly as stated on the coupon.

I. Tax Administration – Penalty

DISCUSSION

Taxpayer states that it filed the returns quarterly as shown on Form WH-1 timely. Taxpayer states that it was unaware that the returns were not filed properly.

On July 31, 2000, a letter advised the taxpayer that payments are still due each month and the due date stays the same. However, monthly returns need not be filed. Instead, a quarterly recap form must be filed. The EFT authorization further states that any monthly coupons should be discarded and the taxpayer must not file monthly returns after beginning to remit by EFT. In addition, the payment booklet clearly states that payments must be made monthly

Taxpayer mailed checks quarterly instead of utilizing the ACH Debit method as required. Taxpayer received notice from the Department explaining the method of payment.

Taxpayer's failure to remit the tax was not the result of reasonable cause. Taxpayer should have been aware of its filing status.

FINDING

Taxpayer's protest is denied.

II. Tax Administration – Interest

DISCUSSION

Taxpayer requests that the department waive the interest assessed.

The Indiana statute does not allow a waiver of interest and the taxpayer had use of Department tax monies.

FINDING

Taxpayer's protest is denied.